

FISCAL NOTE

HB 2589 - SB 2604

February 20, 2006

SUMMARY OF BILL: Creates the *Science Park Administration Act of 2006*. Creates a revolving loan fund known as the *Science Parks Loan Fund* (SPLF). Requires the Department of Economic and Community Development (ECD) to deposit into the SPLF any federal funds allocated to the state pursuant to any federal act which has been determined by ECD to be for the purpose of making loans to science parks and for which matching state funds are available. Requires the SPLF be established, maintained and credited, with repayments, and the fund balance be available in perpetuity for providing such loans. Requires ECD to administer the loan program and establish a priority system for making loans. Requires ECD to prepare annual plans identifying the intended uses of the funds available to the SPLF. Requires the Comptroller to perform annual audits of the SPLF as part of its annual audit of ECD. Defines qualifying criteria for obtaining loans and identifies certain exclusions. Establishes the terms and conditions of loans made to science parks from the SPLF.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$48,500

Other Fiscal Impact – It is unclear where the initial funding for the SPLF will come from and how much it would be. The state would likely have to match any federal funding drawn for the start-up of the SPLF. For the purposes of this fiscal note, the initial funding for the SPLF has been estimated at \$2.0 million, made up of 50% state funds and 50% federal funds. Given the unknown source of the initial funding, it could require additional appropriations to ECD.

Assumptions:

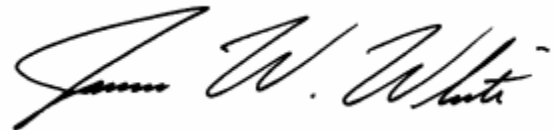
- *Science park* means a group of inter-related companies and institutions, including suppliers, service providers, institutions of higher education, start-up incubators, and trade associations that cooperate and compete and are located in a specific location that promotes real estate development, technology transfer, and partnerships between such companies and institutions.
- Federal Senate Bill s.1581 (The Science Park Administration Act of 2005) has been introduced and allocates federal funds for the identified purposes.
- State is required to match any federal appropriations made for this purpose.
- \$2.0 million in initial funding (50% state funds – 50% federal funds).
- Average loan equal to \$200,000.
- Average number of outstanding loans per year is ten (10).

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- The assumptions identified for initial funding, average loan amount, and average number of outstanding loans per year is based from similar loan programs currently administered by ECD.
- In order to administer another revolving loan program with approximately ten loans per year, ECD would need one additional Loan Officer 2 position.
- The increase of state expenditures for this additional position is estimated at \$48,500 per year.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director